COMMODORE INTERNATIONAL LIMITED

1990

ANNUAL

REPORT

About The Company

Commodore International Limited, through its subsidiaries, is an integrated, independent manufacturer and marketer of personal computers. Manufacturing facilities are located in North America, Europe and the Far East. Marketing is worldwide. Research is devoted to the development of innovative, competitive, superior-performance products.

The Company's three major product lines - the Amiga multimedia computers, the MS-DOS PC - compatibles, and the classic C64 computers - are sold to customers in the professional, government, education and consumer market sectors.

On the cover, clockwise from left to right are: the Amiga 3000, the high-end Amiga designed for professional users; the tower configuration 80386DX PC60-III, ideal as a network file server; the entry-level C64; and the Amiga 500, the "ultimate home computer".

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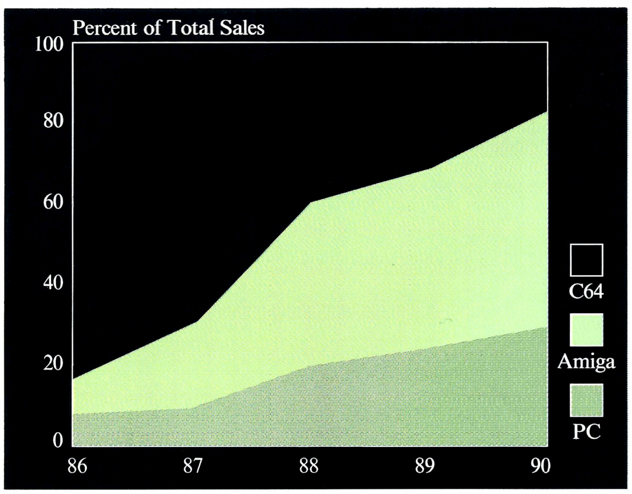
Financial Highlights

(Dollars in Millions, Except Per Share Data)

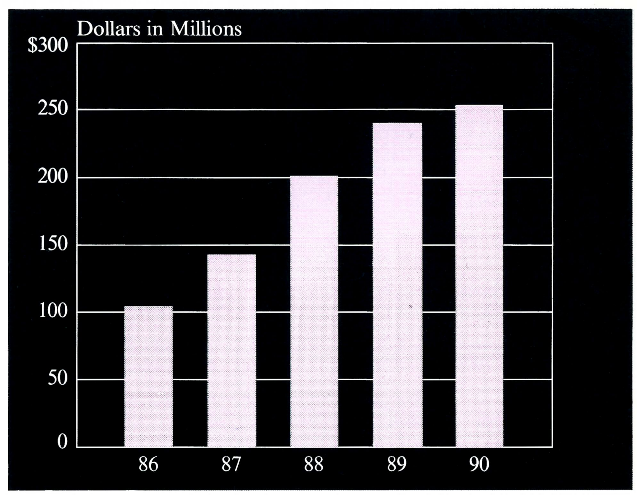
Year Ended 30 June	**1990**	1989	1988
Net Sales	**$887.3**	$939.7	$871.1
Income Before Extraordinary Item	**$ 1.5**	$ 50.1	$ 48.2
Net Income	**$ 1.5**	$ 51.3	$ 55.8
Shareholders' Equity	**$252.9**	$240.3	$200.3
Average Shares Outstanding (Millions)	**32.4**	32.4	31.8
Quarterly Income (Loss) Before Extraordinary Item Per Share			
1st Quarter	**$ (0.20)**	$ 0.30	$ 0.16
2nd Quarter	**$ 0.35**	$ 1.20	$ 0.69
3rd Quarter	**$ 0.01**	$ 0.38	$ 0.28
4th Quarter	**$ (0.11)**	$ (0.32)	$ 0.38
Year	**$ 0.05**	$ 1.55(a)	$ 1.51

(a) Total for year differs from sum of the quarters due to anti-dilutive effect of stock options and warrants in the fourth quarter.

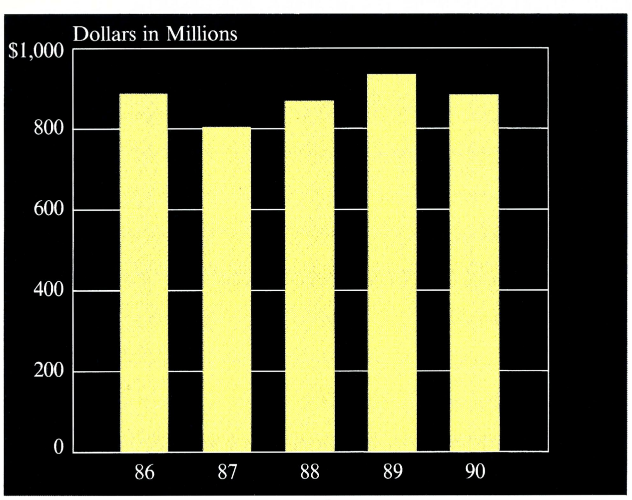
Revenue by Product Line



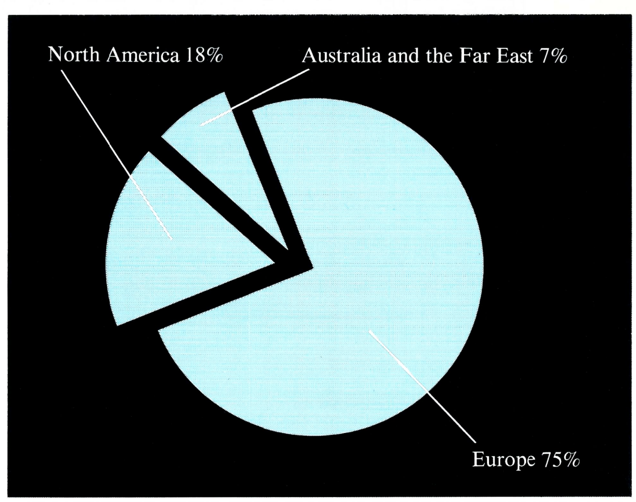
Shareholders' Equity



Worldwide Revenues



Revenue by Sales Territory



During fiscal 1990, Commodore International Limited introduced new products in both the Amiga and PC-compatible product lines, and increased its investments in marketing and research and development. These actions reflect the Company's ongoing commitment to enhancing growth in the home and professional sectors of the worldwide microcomputer industry.

Commodore achieved a milestone as sales of the highly acclaimed Amiga product line increased to more than 50% of the Company's total revenue. Unit sales of the Amiga 500 increased by more than 25%, while sales to the professional sector were enhanced by the launch of the high-end Amiga 3000, an ideal computer for the emerging multimedia field.

Our PC-compatible business also grew during the year. Unit sales of our 80286 and 80386 products increased by almost 100%, supported by the introduction of new machines. This growth helped to offset industry-wide softness in the low end of the PC line, where demand declined for XT-compatible products.

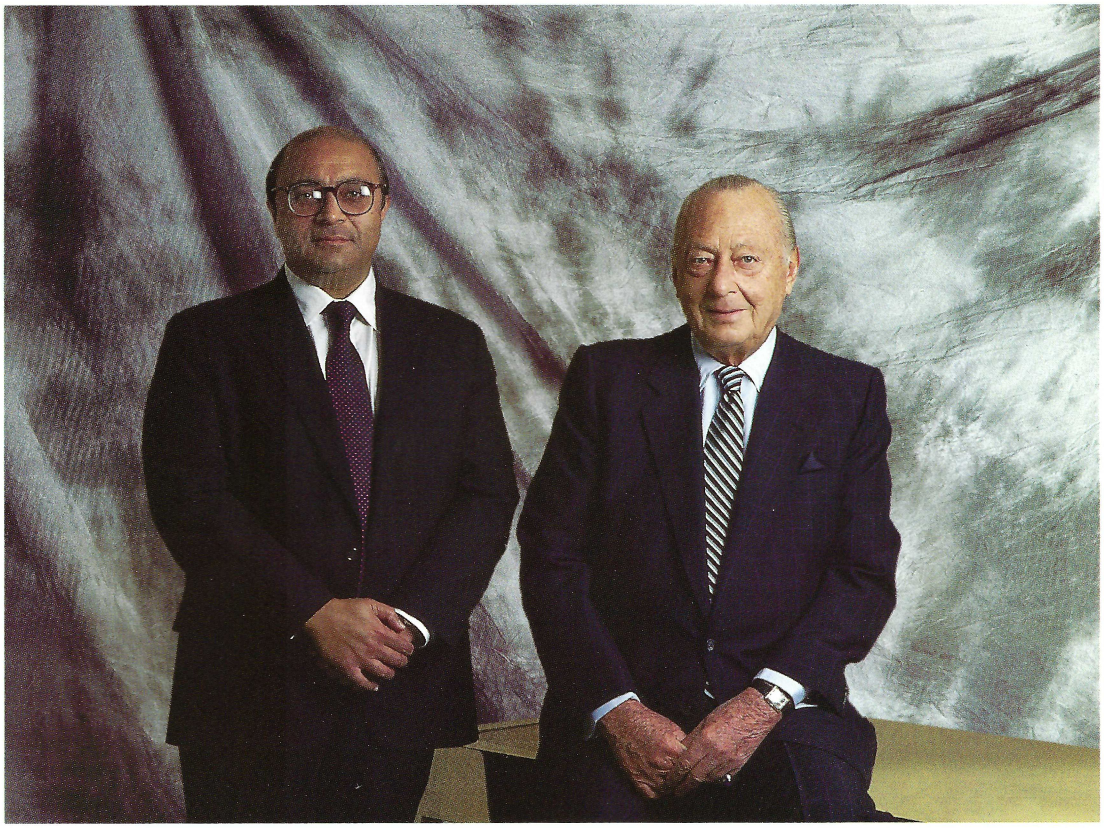
Although sales of the Commodore 64 declined for the year, we nonetheless sold over 700,000 units. This sales performance was impressive in as much as the C64 was introduced over eight years ago.

Europe remained our strongest geographical market segment, with sales increasing to over $660 million. During calendar year 1989, Commodore sold more personal computers in Europe than any other computer company except IBM. Our past marketing investments have led to significantly increased sales in many countries, most notably the United Kingdom, France and Benelux. Our strength in Europe helped to offset softness in other regions.

Fiscal 1990 sales of $887 million declined 6% from the prior year. This shortfall reflected softness in the first half of the year, and 5% growth in the second half. Fourth quarter sales increased 10% compared to the prior-year period. Net income for fiscal 1990 was $1.5 million, or $0.05 per share, compared with prior year net income of $51.3 million, or $1.59 per share. The decline from the prior year was attributable to lower gross profit, and an increase in operating expenses, as expenditures for sales and marketing and research and development were increased significantly to help position the company for long-term growth.

Throughout the year, the company maintained its financial strength. Liquidity remained strong and shareholders' equity increased to $253 million.

Looking forward, we are encouraged by the planned introduction of new products in both the consumer and professional channels. For consumers, we are planning to launch the CDTV, an interactive multimedia player which utilizes compact disc and advanced Amiga technologies to



Mehdi R. Ali Irving Gould

provide new dimensions in home information, education and entertainment. For the professional sector, we plan to extend the breadth of our product line with the introduction of a new family of PC compatibles including 80286, 80386 and 80486 computers. Further, we are entering the rapidly growing laptop market with the announcement this September of a notebook-style computer.

In conclusion, in fiscal 1990 we responded to the changing requirements of the microcomputer industry with new products and the required investments in marketing and research and development. We are fully committed to strengthening our home computer business and expanding our professional business. With the widespread popularity of the Amiga 500 and the growing market opportunities for the high-end Amiga products, we are well-positioned in our effort to restore sales and profit growth.

Irving Gould

Irving Gould
Chairman of the Board
and Chief Executive Officer

MR Ali

Mehdi R. Ali
President

September 18, 1990

During the year, Commodore took significant steps to build on the strength of its proprietary Amiga technology, and to effectively position its professional Amiga systems in the rapidly growing field of desktop multimedia computing.

Multimedia - the ability to input, create, manipulate and output text, graphics, audio and video through a single computer platform - is viewed as one of the foremost growth areas in the personal computer industry. In computer-based training, interactive video, point-of-sale systems and multimedia presentations, the Amiga represents an attractive cost/benefit solution compared to the other alternatives. Further, the Amiga's advanced video, audio, graphics and multi-tasking capabilities provide significant advantages over competing desktop systems, and make the Amiga a compelling choice for customers in the emerging multimedia industry.

This year, the Amiga line was significantly enhanced with the November, 1989 introduction of the Amiga 2500/30 - a high-performance computer which utilizes the Motorola 68030 microprocessor and runs at 25 MHz. Then in April, 1990, Commodore launched the Amiga 3000 - a small footprint 68030 computer with full 32 bit architecture. In a favorable cover-story review, *Byte* magazine called the powerful Amiga 3000 "an impressive machine... the most capable multimedia platform you can get in a single box", while *Computer Reseller News* noted that with the introduction of the Amiga 3000 "the future of desktop multimedia took a leap forward".

Several actions were taken to support the effectiveness of these powerful new machines. The ease of desktop multimedia production was advanced with the release of AmigaVision, an innovative multimedia authoring system which facilitates the combination of sound, text, graphics, animation and video into an effective presentation or display. The Amiga operating system was enhanced through the release of AmigaDOS 2.0, an elegant, three-dimensional user interface that is extremely user-friendly. And the quality and quantity of new AmigaDOS software was supported through an ambitious program that provides intensive support to software developers.

The varied capabilities of the professional Amiga series have helped to provide sophisticated customers with creative solutions worldwide. In its successful bid to gain the 1996 Summer Olympics, the City of Atlanta used an Amiga to control an interactive multimedia tour of the proposed Olympic Village. Air forces are now using the Amiga in their flight simulators. In television, TF1, the largest television channel in France, uses Amiga computers in its production effort, while in Denmark, the Amiga is employed in a game show that provides interaction with the viewing audience. Amiga computers are also utilized to drive animated information displays, at sites as diverse as the Galleries Lafayette department store in Paris and the 40-foot animated scoreboard/television screen at Miami Stadium, site of Super Bowl XXIII.

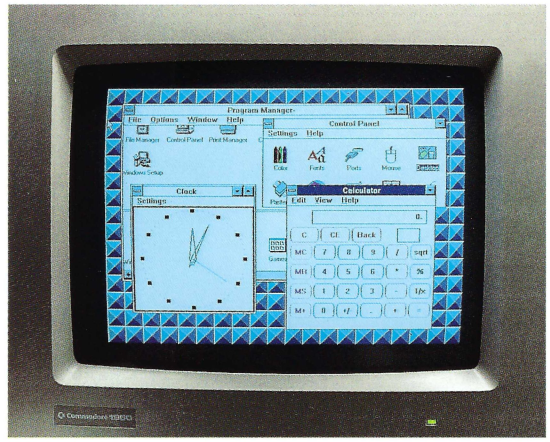
The professional Amiga computers, designed with advanced graphics, audio and video capabilities, are well-positioned to meet the creative requirements of customers in the emerging multimedia industry.

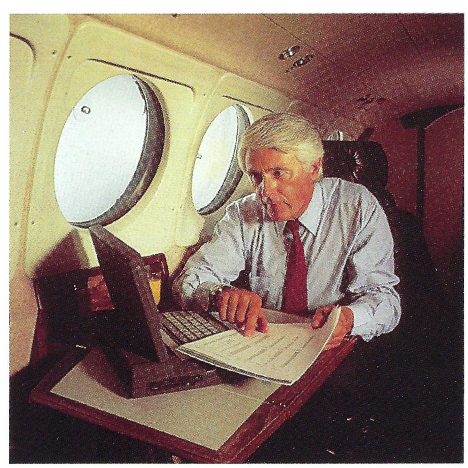
The growing line of professional

PC compatible computers offers

competitive value for customers in

business, education and government.





In fiscal 1990, Commodore furthered its commitment to provide comprehensive, cost-effective PC-compatible solutions to professional users in business, government and education. Sales of the Company's 80286 and 80386 computers increased by almost 100%, supported by the introduction of two new machines, each with an exceptional combination of speed and versatility. The top of the line PC60-III is a 25 MHz 80386DX tower with 2 MB main memory, as much as 200 MB storage, Super VGA graphics and nine available expansion slots - ideal for use as an MS-DOS, OS/2, or UNIX platform, a network file server, or desktop publishing or computer-aided design system. For less demanding but equally sophisticated use, Commodore also introduced the PC50-III, a 16 MHz SX desktop with VGA graphics, 40 MB storage and 1 MB RAM.

Commodore has continued to increase its sales to customers in the professional sector, particularly in Europe, where personal computer usage by the work force is approximately one-half that of the United States. In Germany, traditionally the Company's strongest PC market, computers were sold to large customers like the Deutsche Bundesbahn, which this year purchased over 1,000 PC40s and PC50s. In the U.K., where Commodore has been expanding its efforts in the professional sector, customers include government agencies like the Ministry of Defence, as well as large businesses like the Lloyds Underwriting Syndicate. Commodore has substantial sales to universities, government agencies, and businesses in Benelux and Scandinavia, while in Eastern Europe, the company is building a presence to meet the expanding demand from both government and industry.

In September, 1990, Commodore entered the rapidly growing laptop segment with the announcement of the C286-LT, a seven-pound 80C286 notebook-size computer with an LCD screen, VGA graphics, 3.5" drive, and integrated 20 megabyte hard disk drive. Later this year, the Company plans to extend the breadth of its product line with the introduction of a new family of PC compatibles incorporating 80286, 80386SX, 80386DX and 80486 technologies. The 80286 and 80386SX systems will be packaged in a "slim-line" desktop design while the 80386DX and 80486 technologies will be packaged in desktop and tower configurations. The addition of these systems will allow Commodore to satisfy the most demanding customer requirements of the professional PC "power user".

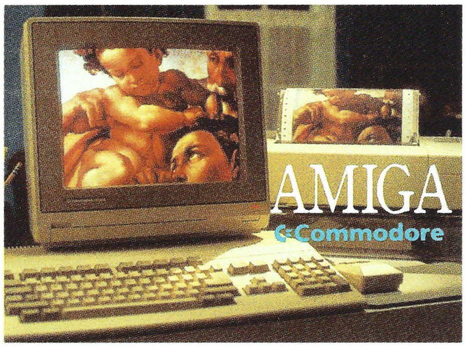
The Amiga 500, Commodore's "Computer for the Creative Mind", offers the benefits of Amiga multimedia technology at a highly attractive price for the consumer sector. Utilizing the Motorola 68000 microprocessor and proprietary Amiga chips, the Amiga 500 is an ideal choice for education or home use, offering the advanced educational capabilities of a multimedia machine, as well as visually exciting entertainment and a full complement of work-at-home productivity applications.

The large library of published software has provided users with a wide range of applications, including unique opportunities in home video, home office and animation. Given the immense versatility of the Amiga 500, demand continues to increase dramatically. During fiscal 1990, over 550,000 Amiga 500 computers were sold, over 25% more than the prior year.

The C64 family is the most popular line of home computers ever manufactured, with an installed base of nearly 11 million machines and a software library of more than 10,000 published titles. Although sales declined in fiscal 1990, over 700,000 computers were sold, as the C64 remains popular as an inexpensive, versatile, entry-level color computer for entertainment and education.

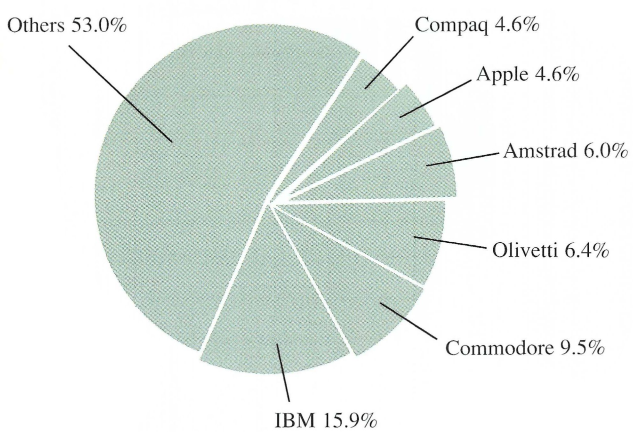
Commodore's XT compatibles are designed for consumers who desire an MS-DOS machine that incorporates many of the advanced features of professional PCs, but in a home/office configuration. Powered by 10 MHz 8088 microprocessors, the PC10-III and PC20-III are highly-integrated, small footprint machines which in many instances are sold pre-configured with tutorial software, instructional videocassetes and integrated word processing, spreadsheet and database programs.

The Company's traditional strength is in the consumer sector, where the C64, the Amiga 500, and the XT-compatible PCs provide a variety of alternatives to meet a range of home computing requirements.



Commodore's computers are sold to customers in over 70 countries worldwide, with marketing efforts customized to local opportunities in both the professional and consumer sectors.

European PC Market



Source: Dataquest

Commodore markets its products through 17 national sales subsidiaries in Western Europe, North America, Australia and New Zealand, and through independent distributors located in 55 other countries worldwide. Currently, the company's strongest markets are in Europe, where in calendar 1989 Commodore shipped 9.5% of all personal computers sold, second only to IBM.

Commodore United Kingdom - The U.K. has been one of Commodore's most successful geographic markets over the last few years, as sales have grown by more than 400% since 1987 from a relatively small base. Now the U.K. is the Company's third largest market worldwide, behind only Germany and the United States. Commodore holds a major position in the consumer sector, as sales of the Amiga 500 and C64 have increased dramatically. Key to this growth has been the company's strong position with mass merchandisers and distributors, and a close working relationship with software developers. Sales promotions have been tied to the release of exciting new software, which is often packaged and sold with the computer. In the professional sector, sales are growing from a small base, with increasing PC compatible sales through the dealer channel, and professional Amiga sales to government organizations such as the Ministry of Defence and local police and fire brigades.

Commodore Germany - In Germany, the Company's largest national market, Commodore has a significant position in home computer sales and an established position in the professional sector. During the year, the Company utilized innovative in-store promotional activities, which helped to increase sell-through at various retail locations. In the professional sector, the dealer channel was enhanced through increased support activities and joint promotional campaigns.

Other Europe - The Company has generated substantial growth in other European countries. In France, the growing demand for Amiga and PC compatible computers has helped to support a 300% increase in revenues since 1987. In Benelux, sales are up 200% over the same period, led by growing PC sales to businesses and education. Significant opportunities are available in several other markets, as well as in Eastern Europe, where countries will be rebuilding their economies over the next several years. Our German company will serve an expanded market in unified Germany, and a network of distributors is being established to market products through the remainder of Eastern Europe.

Commodore United States - In the United States, Commodore is operating an assertive turnaround strategy, designed to increase the Company's presence in the education, consumer and business sectors. In education, sales are increasing rapidly, as computers are sold directly to students and faculty, and through an internal sales force and dealers to universities and school systems. For the consumer sector, distribution will be expanded, enabling the Amiga 500 to reach a larger potential market segment, while sales will be supported by an innovative customer service program. In the professional arena, Commodore has positioned itself as a leader in the emerging multimedia sector.

THE FUTURE
The CDTV Player

Continuing in its long tradition of product innovation, Commodore has announced the CDTV Player, the first home information, education, and entertainment system using integrated compact disc technology. The unit connects to a television, stereo system or video monitor, and operates a new generation of interactive multimedia applications through an infrared remote control. Commodore plans to market the player through its worldwide consumer sales force, and to sell it through upscale consumer electronics departments and stores for a suggested retail price of under $1,000.

By utilizing the CDTV's advanced capabilities and expansive memory (each compact disc has more memory than 700 computer diskettes) the CDTV applications are expected to open new dimensions in learning and experience through ease of use, true interactivity, and an innovative mixture of words, graphics, motion and sound.

In addition to various interactive resource materials, a variety of instructional programs are planned in sports, cooking, foreign languages and special programs for children. Music, from rock to opera, will be enhanced with videographics, while electronic games will offer sophisticated depth of play, sound and graphics. The unit will also run existing compact discs featuring music and graphics.

Commodore expects to begin shipping the CDTV during Fiscal 1991.

Contents

This review should be read in conjunction with the consolidated financial statements and related notes beginning on page 17 of this annual report.

Sales

Commodore International Limited manufactures and markets personal computers to home, education, business and professional users around the world. There are three product lines: Amiga; MS-DOS PC compatibles; and the C64 line. The Company's net sales decreased 6% in fiscal 1990 to $887 million compared with $940 million in fiscal 1989 and $871 million in fiscal 1988.

The Amiga product line accounted for 53% of net sales during fiscal 1990 compared with 45% in fiscal 1989 and 41% in fiscal 1988. Unit sales of Amiga computers increased 26% in fiscal 1990, primarily attributable to the Amiga 500 and the introduction of the Amiga 3000 in the fourth quarter of fiscal 1990. Revenues of the Amiga product line increased by 11% in fiscal 1990. Unit sales of Amiga products increased 19% in fiscal 1989 while revenues of the Amiga product line increased 15%.

MS-DOS PC compatible products contributed 29% of net sales during fiscal 1990 compared with 24% in fiscal 1989 and 20% in fiscal 1988. Although unit sales declined by 9% in fiscal 1990, revenues increased 14% due to the new high-end machines which were introduced during the second and fourth quarters. Unit sales of MS-DOS PC products increased 38% in fiscal 1989 while revenues increased 41%.

C64 products accounted for 18% of revenues in fiscal 1990 compared with 31% in fiscal 1989 and 39% in fiscal 1988. Unit sales decreased by 30% to approximately 700,000 in fiscal 1990 while revenues of the C64 product line decreased 45%, reflecting both declining volume and continued price reductions on bundles and peripherals. Unit sales of the C64 family of computers were approximately one million units in

each of the fiscal years 1989 and 1988 but revenues declined 15% in fiscal 1989.

Geographically, Europe provided 75% of net sales compared with 69% of net sales in fiscal 1989 and 68% in fiscal 1988. Net sales in Europe increased 2% as significant increases in the United Kingdom, France, Italy, Belgium and the Netherlands offset declines in Germany and Switzerland. North American sales declined 27% in fiscal 1990 and contributed 18% of fiscal 1990 net sales compared with 24% in fiscal 1989 and 26% in fiscal 1988. Asia/Australian sales decreased 8% in fiscal 1990 and accounted for 7% of net sales in fiscal 1990 and 1989 and 6% in fiscal 1988.

The U.S. dollar fluctuated in relation to European currencies during fiscal 1990 with a mixed impact on reported sales. The effect of currency movements reduced reported sales during the first two quarters of fiscal 1990 and increased reported sales during the final two quarters compared with fiscal 1989. The dollar value of sales for fiscal 1990 would have been approximately $8 million lower if prior year exchange rates had been in effect. In fiscal 1989, the strengthening of the U.S. dollar versus European currencies had an unfavorable impact on reported sales. The dollar value of sales for fiscal 1989 would have been approximately $31 million higher if 1988 exchange rates had been in effect. The dollar value of sales for the fourth quarter of fiscal 1989 would have been approximately $17 million higher if prior year fourth quarter exchange rates had been in effect. Since a substantial portion of the Company's sales are denominated in European currencies, reported U.S. dollar sales will continue to be affected by the strengthening or weakening of the U.S. dollar versus European currencies. The strong sales and profits in the second quarter of each year reflect the seasonal impact of Christmas.

Profitability

Gross profit was $234 million or 26% of net sales in fiscal 1990 compared with $299 million or 32% of net sales in fiscal 1989 and $268 million or 31% in fiscal 1988. The decrease in gross margin in fiscal 1990 was caused by several factors including competitive pricing actions, especially for MS-DOS PC products, which were not offset by product cost reductions, and the impact of changes in foreign currency exchange rates.

In the first three quarters of fiscal 1989 there was an increase in gross profit principally from a mix of higher margin Amiga products and increased sales volumes. In the fourth quarter of fiscal 1989, the Company experienced a reduction in gross profit as changes in foreign currency exchange rates reduced reported sales but had only a small favorable impact on product costs due to the delayed impact and relatively limited strengthening of the U.S. dollar versus currencies of Far Eastern countries where a large portion of components and peripheral products are sourced. The future effects of foreign currency exchange rate fluctuations on gross margins are uncertain. Gross profit in fiscal 1988 improved from fiscal 1987 due to a favorable mix of higher margin Amiga products and the effects of margin improvement programs.

Operating expenses in fiscal 1990 totalled $252 million or 28% of sales, compared with $211 million or 22% of sales in fiscal 1989 and $184 million or 21% of sales in fiscal 1988. The increase in fiscal 1990 related primarily to selling and marketing expenses, which increased 28% from fiscal 1989. The Company made substantial marketing investments in growing European markets and in the U.S. to penetrate the business and professional sectors. The dollar increase in operating expenses during fiscal 1989 consisted primarily of selling and marketing expenses, which increased 15%, to develop certain market segments and support increased sales.

General and administrative expenses increased 6% to $48 million in fiscal 1990 compared with $45 million in fiscal 1989 and $41 million in fiscal 1988. Research and development expenditures increased 44% to $28 million in fiscal 1990 primarily as a result of new product development and expanded software development efforts. In fiscal 1989, research and development expenses increased 25% from fiscal 1988.

Net interest expense decreased to slightly below $13 million in fiscal 1990 compared with slightly more than $13 million in fiscal 1989 and $17 million in fiscal 1988. The decrease in 1990 was caused by increased interest income on invested balances during fiscal 1990 and the scheduled repayment of $13 million of senior and subordinated debt in March 1990. The decrease in fiscal 1989 from fiscal 1988 net interest expense was the result of increased interest income associated with higher invested cash balances.

Other income was $22 million in fiscal 1990 and included $25 million of currency transaction gains resulting from the significant strengthening of European currencies versus the dollar, especially during the second and fourth quarters. In fiscal 1989, other expense was $14 million and included $9 million of currency transaction losses. In fiscal 1988 other income was $1 million and included $4 million of currency transaction gains. The currency gains and losses largely offset currency adjustments included in cost of sales.

As a result of the decline in gross profit and increased operating expenses, a pre-tax loss of $8.5 million was generated in fiscal 1990, compared with pre-tax income of $61 million in fiscal 1989 and $68 million in fiscal 1988. In the fourth quarter of fiscal 1990, the Company reduced by $10 million income tax accruals no longer needed to meet certain tax exposures, resulting in net income for fiscal 1990 of $1.5 million or $.05 per share. In fiscal 1989, the effective tax rate was 17% compared with 29% in fiscal 1988. The lower effective tax rate was due to reduced levels of income in certain European countries with high tax rates. Fiscal 1989 income before extraordinary item was $50 million, or $1.55 per share, an increase of 4% from fiscal 1988 income before extraordinary item of $48 million, or $1.51 per share. After utilization of net operating loss carryforwards of $1 million in fiscal 1989 and $8 million in fiscal 1988, net income was $51 million, or $1.59 per share in fiscal 1989, compared with $56 million, or $1.75 per share in fiscal 1988.

Liquidity and Capital Resources

During fiscal 1990, the Company's cash position decreased to $78 million compared with $114 million at 30 June 1989. Due to significantly reduced profitability in 1990, cash used by operations was $3 million compared with $46 million provided by operations in fiscal 1989. In March, 1990 the Company repaid $13 million of senior and subordinated notes as scheduled. Capital expenditures were $19 million in fiscal 1990 compared with $24 million in fiscal 1989. Fiscal 1990 capital improvements included equipment to support research and development activities and production equipment to upgrade the Hong Kong and semiconductor manufacturing facilities.

The Company's financial position remains strong. Working capital at 30 June 1990 was $318 million, essentially unchanged from the prior year. Total shareholders' equity increased to $253 million at 30 June 1990 from $240 million in the prior year. The Company anticipates that its balances of cash and equivalents together with cash generated from operations and borrowing capabilities will be sufficient to meet future operating cash requirements.

FIVE-YEAR COMPARISON OF SELECTED FINANCIAL DATA

(In Thousands of Dollars, Except Per Share Amounts)

Year Ended 30 June	**1990**	1989	1988	1987	1986
Net sales	**$887,300**	$939,700	$871,100	$806,700	$ 889,300
Gross profit	**234,500**	299,100	267,900	212,400	170,500
Operating expenses (1)	**252,200**	211,000	184,100	164,800	273,100
Interest expense, net	**12,800**	13,300	16,900	18,100	28,100
Other (income) expense (2)	**(22,000)**	14,200	(700)	(2,900)	(7,000)
	243,000	238,500	200,300	180,000	294,200
Income (loss) before income taxes and extraordinary item	**(8,500)**	60,600	67,600	32,400	(123,700)
Income tax provision (benefit)	**(10,000)**	10,500	19,400	9,800	4,200
Income (loss) before extraordinary item	**1,500**	50,100	48,200	22,600	(127,900)
Extraordinary item (3)	**—**	1,200	7,600	6,000	—
Net income (loss)	**$ 1,500**	$ 51,300	$ 55,800	$ 28,600	$(127,900)
Per share data:					
Income (loss) before extraordinary item	**$ 0.05**	$ 1.55	$ 1.51	$ 0.71	$ (4.08)
Extraordinary item (3)	**—**	0.04	0.24	0.18	—
Net income (loss)	**$ 0.05**	$ 1.59	$ 1.75	$ 0.89	$ (4.08)
Weighted average shares	**32,388**	32,354	31,768	32,144	31,278
Financial Position—30 June					
Current assets	**$557,000**	$547,900	$495,100	$416,600	$ 375,100
Current liabilities	**238,900**	228,900	246,400	220,300	243,400
Working capital	**318,100**	319,000	248,700	196,300	131,700
Total assets	**649,200**	630,300	578,500	517,500	504,900
Long-term debt	**156,500**	158,800	130,000	149,600	154,500
Total debt	**195,400**	195,400	176,500	212,700	222,000
Shareholders' equity	**252,900**	240,300	200,300	145,000	105,000

(1) Includes restructuring charges in 1986 and 1987.
(2) Includes foreign exchange (gains) losses.
(3) Tax benefit of net operating loss carryforwards.

Consolidated Statements of Operations

(In Thousands of Dollars, Except Per Share Amounts)

Year Ended 30 June	**1990**	1989	1988
Net sales	**$887,300**	$939,700	$871,100
Cost of sales	**652,800**	640,600	603,200
Gross profit	**234,500**	299,100	267,900
Selling and marketing	**176,700**	138,500	120,100
General and administrative	**47,800**	45,300	40,700
Research and development	**27,700**	19,300	15,400
Amortization of acquired technology	**—**	7,900	7,900
Total operating expenses	**252,200**	211,000	184,100
Operating income (loss)	**(17,700)**	88,100	83,800
Interest expense, net of interest income of $8,700, $8,000 and $4,800, respectively	**12,800**	13,300	16,900
Other (income) expense	**(22,000)**	14,200	(700)
Income (loss) before income taxes and extraordinary item	**(8,500)**	60,600	67,600
Income tax provision (benefit)	**(10,000)**	10,500	19,400
Income before extraordinary item	**1,500**	50,100	48,200
Extraordinary item	**—**	1,200	7,600
Net income	**$ 1,500**	$ 51,300	$ 55,800
Per share data:			
Income before extraordinary item	**$ 0.05**	$ 1.55	$ 1.51
Extraordinary item	**—**	0.04	0.24
Net income	**$ 0.05**	$ 1.59	$ 1.75

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars)

	30 June 1990	30 June 1989
Assets		
Current Assets:		
Cash and equivalents	**$ 78,400**	$114,100
Accounts receivable, net of allowances for doubtful accounts of $15,700 and $24,400, respectively	**234,100**	179,700
Inventories	**236,200**	247,900
Other current assets	**8,300**	6,200
Total current assets	**557,000**	547,900
Property and equipment, at cost	**157,400**	161,000
Accumulated depreciation and amortization	**(79,700)**	(87,400)
Net property and equipment	**77,700**	73,600
Other assets	**14,500**	8,800
	$649,200	$630,300
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank debt	**$ 25,600**	$ 22,200
Current portion of long-term debt	**13,300**	14,400
Accounts payable	**120,400**	94,400
Accrued liabilities	**50,800**	52,600
Taxes payable	**28,800**	45,300
Total current liabilities	**238,900**	228,900
Long-term Debt	**156,500**	158,800
Deferred Income Taxes	**900**	2,300
Commitments and Contingencies		
Shareholders' Equity		
Capital stock, $.01 stated value		
Authorized 90,000,000 shares		
Issued 33,092,136 and 32,431,303 shares, respectively	**300**	300
Contributed surplus	**40,500**	33,300
Retained earnings	**221,600**	220,100
Cumulative translation adjustment	**(1,900)**	(11,400)
Unearned compensation	**(6,500)**	(1,100)
Treasury stock—712,953 and 694,254 shares, respectively, at cost	**(1,100)**	(900)
Total shareholders' equity	**252,900**	240,300
	$649,200	$630,300

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In Thousands of Dollars)

	Capital Stock	Contributed Surplus	Retained Earnings	Cumulative Translation Adjustment	Unearned Compensation	Treasury Stock	Total
Balance, 30 June 1987	$300	$32,300	$117,500	$(2,500)	$(2,100)	$(500)	$145,000
Net income	—	—	55,800	—	—	—	55,800
Foreign currency translation adjustments for year	—	—	—	(1,100)	—	—	(1,100)
Amortization of unearned compensation	—	—	—	—	500	—	500
Exercise of employee stock options	—	300	—	—	—	—	300
Purchase of treasury stock	—	—	—	—	—	(200)	(200)
Balance, 30 June 1988	300	32,600	173,300	(3,600)	(1,600)	(700)	200,300
Net income	—	—	51,300	—	—	—	51,300
Foreign currency translation adjustments for year	—	—	—	(7,800)	—	—	(7,800)
Repurchase of warrants	—	—	(4,500)	—	—	—	(4,500)
Amortization of unearned compensation	—	—	—	—	500	—	500
Exercise of employee stock options	—	700	—	—	—	—	700
Purchase of treasury stock	—	—	—	—	—	(200)	(200)
Balance, 30 June 1989	300	33,300	220,100	(11,400)	(1,100)	(900)	240,300
Net income	—	—	1,500	—	—	—	1,500
Foreign currency translation adjustments for year	—	—	—	9,500	—	—	9,500
Issuance of shares to officers as compensation	—	7,100	—	—	(7,100)	—	—
Amortization of unearned compensation	—	—	—	—	1,700	—	1,700
Exercise of employee stock options	—	100	—	—	—	—	100
Purchase of treasury stock	—	—	—	—	—	(200)	(200)
Balance, 30 June 1990	$300	$40,500	$221,600	$(1,900)	$(6,500)	$(1,100)	$252,900

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)

Year ended June 30	**1990**	1989	1988
Cash Flows from Operating Activities:			
Net income	**$ 1,500**	$ 51,300	$ 55,800
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation and amortization	**14,800**	24,500	26,200
Deferred income taxes	**(1,600)**	500	(800)
Provision for doubtful accounts receivable	**2,500**	5,700	6,700
Other noncash items	**900**	1,800	900
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	**(33,200)**	(36,000)	(6,400)
(Increase) decrease in inventories	**14,300**	(8,200)	(43,900)
(Increase) decrease in other current assets	**(1,500)**	800	200
Increase (decrease) in accounts payable	**22,300**	(900)	26,400
Increase (decrease) in accrued liabilities	**(4,900)**	6,000	13,100
Increase (decrease) in taxes payable	**(18,000)**	200	400
Net cash provided by (used for) operating activities	**(2,900)**	45,700	78,600
Cash Flows from Investing Activities:			
Capital expenditures	**(18,600)**	(24,000)	(10,500)
Other investment activities	**(4,900)**	(200)	500
Net cash used for investing activities	**(23,500)**	(24,200)	(10,000)
Cash Flows from Financing Activities:			
Net short-term borrowings (repayments)	**1,200**	(19,500)	22,000
Proceeds from issuance of common stock	**100**	700	300
Purchase of treasury stock	**(200)**	(200)	(200)
Repurchase of warrants	**—**	(4,500)	—
Proceeds from issuance of long-term debt	**1,600**	50,000	—
(Payments) of long-term debt	**(14,400)**	(6,800)	(59,600)
Net cash provided by (used for) financing activities	**(11,700)**	19,700	(37,500)
Effect of exchange rate changes on cash and equivalents	**2,400**	(5,100)	(2,100)
Net increase (decrease) in cash and equivalents	**(35,700)**	36,100	29,000
Cash and equivalents—beginning of year	**114,100**	78,000	49,000
Cash and equivalents—end of year	**$ 78,400**	$114,100	$ 78,000
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	**$ 20,100**	$ 20,700	$ 21,400
Income taxes	**6,500**	8,700	12,000
Non-cash financing transaction:			
Issuance of 650,000 shares of restricted common stock pursuant to stock incentive plan	**7,100**	—	—
Unearned compensation recorded from above transactions	**(7,100)**	—	—

The accompanying notes are an integral part of these statements.

(1) Summary of Accounting Policies

Commodore International Limited is incorporated in the Bahamas. The consolidated financial statements of Commodore International Limited and Subsidiaries (the Company) have been prepared in accordance with accounting principles generally accepted in the United States. Within those principles, the Company's more important accounting policies are set forth below.

Principles of Consolidation

The consolidated financial statements include the accounts of all majority-owned subsidiaries. All significant intercompany accounts, transactions and profits have been eliminated.

Translation of Non-U.S. Currencies

Assets and liabilities recorded in functional currencies other than U.S. dollars are translated at current exchange rates. The resulting adjustments are charged or credited directly to cumulative translation adjustment in the shareholders' equity section of the consolidated balance sheets. Sales and expenses are translated at the weighted average exchange rates for the period. Foreign currency transaction gains and losses are included in income in the period in which they occur. Realized currency gains (losses) of $24.6 million, ($8.8) million and $4.2 million for fiscal 1990, 1989 and 1988, respectively, were included in the consolidated statements of operations as other income (expense).

Cash and Equivalents

The Company has included cash, overnight deposits and time deposits with maturities less than 91 days as cash and equivalents.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market, and include material, labor and overhead. Intercompany profits are eliminated from inventory valuations. Inventories consisted of the following (000s omitted):

	30 June	
	1990	1989
Raw materials and work-in-process	**$ 90,700**	$106,800
Finished goods	**145,500**	141,100
	$236,200	$247,900

Property and Equipment

Major classes of property and equipment were as follows (000s omitted):

	30 June		Estimated Useful
Description	**1990**	1989	Lives
Land	**$ 3,200**	$ 3,000	
Buildings and improvements	**37,200**	34,200	10-40 years
Machinery and equipment	**84,000**	92,500	3-10 years
Furniture and fixtures	**13,400**	11,500	3-10 years
Tooling	**2,600**	4,400	2-5 years
Leasehold improvements	**17,000**	15,400	Lease Term
	$157,400	$161,000	

Depreciation has been provided over the estimated useful lives of the assets using primarily the straight-line method. Expenditures for additions, renewals and betterments are capitalized. Maintenance and repairs are expensed as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

Income Taxes

The Company and its subsidiaries provide taxes on income in accordance with the tax rules and regulations of the many taxing jurisdictions where the income is earned. The income tax rates imposed by these taxing jurisdictions vary substantially. Taxable income may differ from pretax income for financial accounting purposes. To the extent that differences are due to income or expense items reported in one period for tax purposes and in another period for financial reporting purposes, appropriate provision for deferred income taxes is made. The Company does not provide income taxes on undistributed earnings of foreign subsidiaries which are permanently reinvested.

Investment credits and other allowances provided by income tax laws of respective countries are credited to current income tax expense under the flow-through method of accounting.

Revenue Recognition

Sales are recognized when products are shipped, net of allowances for estimated returns and discounts. Anticipated warranty costs are provided in the same period in which the corresponding revenues are generated.

Research and Development Costs

The Company expenses research and development costs as incurred.

Acquired Technology

In October 1984, the Company acquired Amiga Computer, Inc. for capital stock and cash. The acquisition was accounted for as a purchase and the excess of the purchase price over the fair value of net tangible assets acquired of $31.7 million was classified as acquired technology and was amortized on a straight-line basis over the four-year period ended 30 June 1989.

Per Share Data

Per share data are calculated using the weighted average number of shares of capital stock and dilutive capital stock equivalents (stock options and warrants) outstanding during each year. The weighted average number of shares used to compute earnings per share was 32,388,000, 32,354,000 and 31,768,000 in 1990, 1989 and 1988, respectively.

(2) Income Taxes

The income tax provision (benefit) consisted of the following (000s omitted):

	1990	1989	1988
Current:			
U.S. Federal	**$ (4,500)**	$ —	$ —
Non-U.S.	**(3,900)**	10,000	20,200
Subtotal	**(8,400)**	10,000	20,200
Deferred:			
U.S. Federal	**—**	—	—
Non-U.S.	**(1,600)**	500	(800)
Subtotal	**(1,600)**	500	(800)
Total	**$(10,000)**	$10,500	$19,400

Non-U.S. earnings (losses) before income taxes amounted to $(7) million, $82 million and $94 million in 1990, 1989 and 1988, respectively. In fiscal 1990, the deferred tax benefit related primarily to the reversal of previously provided deferred taxes. In fiscal 1989 and 1988, deferred taxes related primarily to differences between tax depreciation and depreciation for financial reporting purposes.

The Company and its subsidiaries are engaged in business in countries with statutory tax rates ranging from zero to approximately 64%. As a result, the Company's effective tax rate may vary year to year depending upon the operating results of individual subsidiaries. In fiscal 1990, exclusive of the adjustment to income taxes described below, the Company's effective tax rate was zero due to operating

losses in certain countries with high tax rates (without currently recoverable tax benefits) and income in countries with low or zero statutory tax rates. The effective tax rate was 17% in 1989 and 29% in 1988 due to profitable operations in certain European countries and losses in the U.S.

Certain of the Company's non-U.S. subsidiaries are undergoing audits by their respective tax authorities for various fiscal years. In Japan and Italy the tax authorities have issued deficiency assessments and the Company is contesting these assessments. The Company is also contesting alleged tax deficiencies of approximately $74 million for its U.S. subsidiaries for fiscal years 1981 through 1983. Audits of U.S. subsidiaries are continuing for periods through 1986.

In the fourth quarter of fiscal 1990, after consultation with outside tax counsel concerning the likely outcome of certain tax audits and litigation, the Company reduced by $10 million certain income tax accruals no longer considered necessary to meet the probable liabilities in those proceedings.

As of 30 June 1990, the Company's U.S. subsidiaries have net operating loss carryforwards of approximately $150 million and investment and research tax credit carryforwards of $9 million which expire in years through 2005. Certain of the Company's non-U.S. subsidiaries have net operating loss carryforwards of approximately $51 million which expire at various dates through 2000.

Utilization of prior year tax loss carryforwards has been treated as an extraordinary item in the consolidated statements of operations.

The Financial Accounting Standards Board has issued pronouncements (Statements of Financial Accounting Standards (SFAS) Nos. 96 and 103) which require the Company to change its method of accounting for income taxes beginning in fiscal 1993. Since the Company has significant net operating loss carryforwards, implementation of these standards is not expected to have a material effect on the Company's reported financial position or net income. However, if restatement of prior financial statements is chosen when SFAS No. 96 is adopted, the income tax benefits from net operating loss carryforwards recognized in 1989 and 1988 will be reported as a component of income taxes related to operations rather than as an extraordinary item.

(3) Bank Debt

The Company and its subsidiaries had short-term bank borrowings of $25.6 million at 30 June 1990, at an average interest rate of 12.7% (1989—13.4%; 1988—10.7%). The maximum month-end short-term borrowings during fiscal 1990 were $26.8 million (1989—$43 million; 1988—$72 million). The average month-end short-term borrowings outstanding during fiscal 1990 were $22 million (1989—$25 million; 1988—$58 million) at a weighted average interest rate of 13.6% (1989—12.1%; 1988—9.8%).

As of 30 June 1990, the Company had unused short-term lines of credit of $24 million available in various currencies which permit borrowings at floating rates which vary from country to country depending upon local conditions. In certain countries under various informal and unrestricted arrangements, the Company maintains compensating balances to support credit facilities and services.

(4) Long-Term Debt

	30 June	
(000s omitted)	**1990**	1989
Senior notes, 11.0% due March 1991—March 1993	**$ 15,000**	$ 20,000
Senior notes, 10.75% due March 1992—March 1995	**50,000**	50,000
Subordinated notes, 12.0% due March 1991—March 1994	**32,000**	40,000
Deutsche mark debentures, 7.5% due January 1992	**60,200**	51,300
Real estate mortgages, 6.5% to 8.25%, due in varying amounts through 2006	**3,800**	1,900
Capitalized lease obligations averaging 13.3% (1989—12.8%) payable in varying amounts through 2020	**8,800**	10,000
	169,800	173,200
Current Portion	**(13,300)**	(14,400)
	$156,500	$158,800

In May 1987, the Company issued $20 million of senior notes and $40 million of subordinated notes with warrants to purchase 2,250,000 shares of capital stock to an insurance company. The warrants are exercisable at $11.40 per share until March 1994. The Company repurchased 750,000 warrants in 1989 for a total of $4.5 million.

In August 1988, the Company issued an additional $50 million of senior notes to two insurance companies.

The senior and subordinated note agreements contain various covenants which, among others, provide for the maintenance of a minimum level of net worth and contain restrictions on the amount of dividends which may be declared or paid. Under the terms of the agreements, dividends are restricted to 50% of consolidated net earnings subsequent to January 1, 1989 as defined. Currently, no dividends may be declared or paid by the Company.

Approximate annual maturities of long-term debt as of 30 June 1990 are as follows (000s omitted):

1991	$ 13,300
1992	86,000
1993	25,900
1994	20,800
1995	12,900
Later Years	10,900
	$169,800

(5) Capital Stock

As of 30 June 1990, the following shares of capital stock were reserved for future issuance:

Stock Incentive Plan	4,677,658
Warrants	1,500,000
	6,177,658

The Stock Incentive Plan for Key Employees provides for certain key employees to receive grants or options to purchase up to 6,000,000 shares of the Company's capital stock. Although the Plan allows for non-qualified stock options to be granted at a price below the market value, all options have been granted at the fair market value at the date of grant except for options for 300,000 shares, granted to an officer at a price of $7.25, which was below the fair market value at the date of the grant. Options for 1,000,000 shares, granted to an officer in fiscal 1989, exercisable at a price which was below the fair market value at the date of the grant, were cancelled in fiscal 1990. Options granted under the Plan expire ten years from the date of grant and outstanding options granted before January 1, 1989 are exercisable in annual increments of 33-1/3% beginning one year from the date of grant. Options granted after December 31, 1988 are exercisable in annual increments of 25% beginning one year from the date of the grant. As of 30 June 1990, options were held by 128 employees and range in excercise price from $7.00 to $13.25. These options expire on various dates from February 1996 to May 2000. Options for 614,000 shares were exercisable as of 30 June 1990. Option activity during 1989 and 1990 was as follows:

	Number of Shares	Average Price Per Share
Outstanding as of 30 June 1988	962,768	$8.50
Granted	1,274,000	8.96
Exercised	(81,450)	8.38
Cancelled	(233,134)	9.82
Outstanding as of 30 June 1989	1,922,184	$8.65
Granted	1,259,000	9.82
Exercised	(10,833)	8.25
Cancelled	(1,329,833)	8.97
Outstanding as of 30 June 1990	1,840,518	$9.22

In fiscal 1987, a grant of 300,000 shares of capital stock was made to an officer at a price of $3,000 or $.01 per share. The shares vest at the rate of 20% per year beginning in August 1987. In fiscal 1990, a total of 650,000 shares were granted to two officers at a price of $6,500 or $.01 per share. The shares vest at the rate of 20% per year beginning in August 1989. If the officers leave the Company due to a merger or other change of control, all remaining shares vest immediately. The difference between the grant price and the fair market value at the date of the grants has been charged to unearned compensation in the consolidated balance sheets and is being amortized by a charge to earnings over the vesting period.

When options are exercised the proceeds, including any applicable income tax benefit, are credited to capital stock and contributed surplus.

(6) Leases

The Company leases certain machinery and equipment, manufacturing facilities, warehouses and administrative offices with terms expiring at various dates through 2020. Typically, the Company pays property taxes, insurance and maintenance expenses related to the leased property. The gross value of property included under capital leases as of 30 June 1990 and 1989 was $9.4 million and $21.3 million, respectively. The related accumulated amortization as of 30 June 1990 and 1989 was $1.8 million and $11.2 million, respectively. Amortization expense of property under capital leases was $.7 million in 1990, $.8 million in 1989 and $1.8 million in 1988. Total rental expense under operating leases was $7.5 million in 1990, $4.9 million in 1989 and $5.5 million in 1988.

Minimum future obligations under leases as of 30 June 1990 are as follows (000s omitted):

	Capital Leases	Operating Leases
1991	$ 1,200	$ 6,300
1992	1,200	4,800
1993	1,300	3,400
1994	1,100	2,500
1995	1,100	2,100
Later Years	27,500	900
Total minimum obligations	33,400	$20,000
Amounts representing interest	24,600	
Present value of net minimum obligations	$ 8,800	

(7) Geographic Segment Information

(In Thousands of Dollars)	North America	Europe	Asia/ Australia	Eliminations	Consolidated
1990					
Sales to unaffiliated customers	$163,500	$ 662,800	$ 61,000	$ —	$887,300
Intersegment sales	95,600	442,200	624,200	(1,162,000)	—
Net sales	259,100	1,105,000	685,200	(1,162,000)	887,300
Income (loss) from operations	(17,700)	4,100	2,100	(6,200)	(17,700)
Interest expense, net					(12,800)
Other income					22,000
Loss before income taxes					(8,500)
Identifiable assets	158,500	423,800	103,500	(36,600)	649,200
Depreciation expense	6,600	4,900	3,300	—	14,800
Capital expenditures	7,000	8,000	3,600	—	18,600
1989					
Sales to unaffiliated customers	$224,400	$ 649,300	$ 66,000	$ —	$939,700
Intersegment sales	42,400	455,900	711,800	(1,210,100)	—
Net sales	266,800	1,105,200	777,800	(1,210,100)	939,700
Income (loss) from operations	(26,900)	103,500	3,000	8,500	88,100
Interest expense, net					(13,300)
Other income (expense)					(14,200)
Income before income taxes					60,600
Identifiable assets	189,400	343,600	128,100	(30,800)	630,300
Depreciation expense	7,600	4,100	4,900	—	16,600
Capital expenditures	10,100	6,700	7,200	—	24,000
1988					
Sales to unaffiliated customers	$223,300	$ 591,000	$ 56,800	$ —	$871,100
Intersegment sales	88,100	469,700	627,300	(1,185,100)	—
Net sales	311,400	1,060,700	684,100	(1,185,100)	871,100
Income (loss) from operations	(23,600)	114,200	4,600	(11,400)	83,800
Interest expense, net					(16,900)
Other income					700
Income before income taxes					67,600
Identifiable assets	203,200	306,500	109,100	(40,300)	578,500
Depreciation expense	9,900	4,100	4,300	—	18,300
Capital expenditures	3,500	5,000	2,000	—	10,500

(8) Commitments and Contingencies

The Company and its subsidiaries are parties to a number of lawsuits. In the opinion of management, none of the lawsuits or claims will materially affect the consolidated financial position of the Company.

(9) Quarterly Financial Information *(unaudited)*

(000's omitted, except per share amounts)

For the Year Ended 30 June 1990	First	Second	Third	Fourth	Year
Net sales	$165,300	$310,700	$213,200	$198,100	$887,300
Gross profit	40,800	83,800	64,200	45,700	234,500
Income (loss) before income taxes	(6,500)	11,800	200	(14,000)	(8,500)
Income tax provision (benefit)	—	500	—	(10,500)*(a)*	(10,000)
Net income (loss)	$ (6,500)	$ 11,300	$ 200	$ (3,500)	$ 1,500
Per share data:					
Net income (loss)	$ (0.20)	$ 0.35	$ 0.01	$ (0.11)	$ 0.05
For the Year Ended 30 June 1989					
Net sales	$200,200	$349,000	$210,200	$180,300	$939,700
Gross profit	64,400	113,700	73,500	47,500*(b)*	299,100
Income (loss) before income taxes and extraordinary item	13,200	48,700	15,400	(16,700)	60,600
Income tax provision (benefit)	3,600	10,500	3,000	(6,600)	10,500
Income (loss) before extraordinary item	9,600	38,200	12,400	(10,100)	50,100
Extraordinary item	—	—	—	1,200	1,200
Net income (loss)	$ 9,600	$ 38,200	$ 12,400	$ (8,900)	$ 51,300
Per share data:					
Income (loss) before extraordinary item	$ 0.30	$ 1.20	$ 0.38	$ (0.32)	$ 1.55*(c)*
Extraordinary item	—	—	—	0.04	0.04
Net income (loss)	$ 0.30	$ 1.20	$ 0.38	$ (0.28)	$ 1.59*(c)*

(a) Reflects reduction of certain income tax accruals. See Note 2.

(b) Gross profit was negatively impacted by foreign currency exchange rate fluctuations. (see discussion in financial review)

(c) Total for year differs from sum of quarters due to anti-dilutive effect of stock options and warrants in the fourth quarter.

To the Shareholders of Commodore International Limited:

We have audited the accompanying consolidated balance sheets of Commodore International Limited (a Bahamian corporation) and subsidiaries as of 30 June 1990 and 1989, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended 30 June 1990. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Commodore International Limited and subsidiaries as of 30 June 1990 and 1989, and the results of their operations and their cash flows for each of the three years in the period ended 30 June 1990, in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Philadelphia, PA
8 August 1990

CAPITAL STOCK INFORMATION

The Company's shares are listed on the New York Stock Exchange. The high and low quarterly common stock prices for the past two fiscal years were as follows:

Quarters		**Fiscal 1990** High Low	Fiscal 1989 High Low
1st	(30 September)	**$14⅛ - 8⅝**	$13¾ - 10½
2nd	(31 December)	**11⅞ - 7⅛**	14⅛ - 9¼
3rd	(31 March)	**10⅞ - 7¾**	18⅛ - 13⅛
4th	(30 June)	**9⅞ - 6⅜**	19¾ - 13⅛

Corporate Information

Board of Directors

Irving Gould
Chairman of the Board

Mehdi R. Ali
President

General Alexander M. Haig, Jr.
President of Worldwide Associates, Inc. and Director of Leisure Technology, Inc., Interneuron Pharmaceuticals, Inc. and MGM Grand, Inc.

Henri Rubin
Executive Vice President and Chief Operating Officer

Ralph D. Seligman
Consultant Counsel
Graham, Thompson & Company

Robert A. Utting
President
R.A. Utting and Associates, Inc. and Director of Viatech Inc.
Former Vice Chairman of the Royal Bank of Canada

Burton Winberg
President
Rockport Holdings Limited and Director of Fahnestock Viner Holdings Inc.

Officers

Irving Gould
Chairman of the Board and Chief Executive Officer

Mehdi R. Ali
President

Henri Rubin
Executive Vice President and Chief Operating Officer

Ronald B. Alexander
Vice President

Peter Bayley
Vice President, International Marketing

Joseph C. Benedetti
Vice President, General Counsel and Secretary

Harold Copperman
Vice President, United States

James Dionne
Vice President, Canada

Steven Franklin
Vice President, United Kingdom

Helmut Jost
Vice President, Germany

Thomas H. Matson
Vice President and Controller

Michael D. Smith
Vice President, Worldwide Manufacturing and Purchasing

Bernard van Tienen
Vice President, Netherlands

Carden N. Welsh
Treasurer

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Switzerland

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